

RUSSIAN COUNTER-SANCTIONS REGULATIONS: NEW DEVELOPMENTS

May 11, 2023

In March, we informed you about the enactment of Presidential Decree No. 138 On Further Temporary Economic Measures Relating to Securities Trading, dated 3 March 2023 (the **Decree**) which introduced new restrictions for transactions with Russian tradeable securities between Russian residents and non-residents from unfriendly jurisdictions.

In its meeting on 24 April 2023, the Sub-Commission of the Government Commission for Control over Foreign Investments in Russia (the **Sub-Commission**), which is one of the ultimate decision-makers in counter-sanctions matters, resolved that it would be “expedient”, when considering approvals for transactions that require clearance under the Decree, to condition such approvals on the assumption of an undertaking to make a voluntary contribution to the Russian federal budget in an amount equal to:

- where the transaction concerns Russian federal treasury notes or Russian corporate bonds, rights to which are registered with Russian depositories, 20% of their par value; or
- where the transaction concerns shares in Russian joint stock companies or units in Russian mutual investment funds, 20% of the transaction value (purchase price).

The relevant excerpt from the Minutes of the Sub-Commission is silent as to whether such an undertaking should be assumed by the buyer or seller. Nor does it explicitly state that the condition is mandatory, although its wording implies that it should be read as such – and this interpretation is corroborated by our experience with similar conditions in the context of other counter-sanctions decrees.

We have yet to see how the new condition will be applied in practice - in particular which party will need to make the payment and whether there will be any flexibility in this regard. We will continue monitoring the situation.



The information contained in this document is intended for general guidance and should not be considered as legal advice or opinion.